

# STATE OF MINNESOTA

## Office of the State Auditor



**Patricia Anderson**  
**State Auditor**

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**TOWN OF GRAY**  
**PIPESTONE COUNTY, MINNESOTA**

**AGREED-UPON PROCEDURES**

**JUNE 7, 2006**

## **Description of the Office of the State Auditor**

The Office of the State Auditor serves as a watchdog for Minnesota taxpayers by helping to ensure financial integrity, accountability, and cost-effectiveness in local governments throughout the state.

Through financial, compliance, and special audits, the State Auditor oversees and ensures that local government funds are used for the purposes intended by law and that local governments hold themselves to the highest standards of financial accountability.

The State Auditor performs approximately 250 financial and compliance audits per year and has oversight responsibilities for over 4,300 local units of government throughout the state. The office currently maintains five divisions:

**Audit Practice** - conducts financial and legal compliance audits for local governments;

**Government Information** - collects and analyzes financial information for cities, towns, counties, and special districts;

**Legal/Special Investigations** - provides legal analysis and counsel to the Office and responds to outside inquiries about Minnesota local government law; as well as investigates allegations of misfeasance, malfeasance, and nonfeasance in local government;

**Pension** - monitors investment, financial, and actuarial reporting for over 700 public pension funds; and

**Tax Increment Financing, Investment and Finance** - promotes compliance and accountability in local governments' use of tax increment financing through financial and compliance audits.

The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employee's Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

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**TOWN OF GRAY  
PIPESTONE COUNTY, MINNESOTA**

**June 7, 2006**



**Agreed-Upon Procedures**

**Audit Practice Division  
Office of the State Auditor  
State of Minnesota**

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# STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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PATRICIA ANDERSON  
STATE AUDITOR

## INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Supervisors  
Town of Gray

We have performed the procedures enumerated below, which were agreed to by the Town of Gray, solely to assist you with respect to ensuring adequate accounting procedures and other practices are being followed to account for and report on the financial activities of the Town. These procedures were applied to the Town's records as of June 7, 2006. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Town of Gray. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### 1. Procedure

Determine that minutes are prepared and approved for proceedings of the Town.

### Findings

#### 05-1 Minutes of Monthly Town Board Meetings

We reviewed the minutes to the proceedings of the Town Board meetings for the year and noted the following:

- The Clerk/Treasurer signed the Board minutes, but no other Board member signed and attested to the minutes. The minutes should be signed by the Town clerk when prepared and then signed by a Board member, preferably the chair, at the time the minutes are adopted by the Board, usually at the next meeting.

2. Procedure

Review procedures and records used to account for the receipt and disbursement of funds, and determine if such procedures and records appear adequate for reporting on activities of the Town.

Findings

None.

3. Procedure

Review practices followed to deposit funds in the bank.

Findings

None.

4. Procedure

Determine if bank statements are reconciled in a timely manner.

Findings

None.

5. Procedure

Determine if the process for approving disbursements is adequate.

Findings

None.

6. Procedure

Determine if vendor invoices are on hand to support disbursements.

Findings

None.

7. Procedure

Determine if sufficient records are on hand to document the wages paid to employees.

Findings

None.

8. Procedure

Determine if quarterly reports on salary withholdings have been filed in a timely manner with the state and federal governments.

Findings

None.

9. Procedure

Determine if records are kept on land, buildings, and equipment of the Town.

Findings

None.

10. Procedure

Determine if the Town is in compliance with the *Minnesota Legal Compliance Audit Guide for Local Government*.

Findings

05-2 The Town Board does not designate its depositories. Minn. Stat. § 118A.02 requires that, “The governing body of each government entity shall designate, as a depository of funds, one or more financial institutions.”

11. Procedure

Determine if the Town is current with filing its annual reporting forms to the Office of the State Auditor and that the amounts reported reflect the amounts recorded in the Town’s records.

Findings

None.

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We were not engaged to and did not perform an audit of the Town of Gray's financial statements, the objective of which would be the expression of an opinion on those financial statements. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Town of Gray and is not intended to be, and should not be, used by anyone other than this specified party.

*/s/Pat Anderson*

*/s/Greg Hierlinger*

PATRICIA ANDERSON  
STATE AUDITOR

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

End of Fieldwork: June 7, 2006